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The CIA On Soviet Oil

The CIA has announced a major revision of its forecast on Soviet oil production. This is more than a mere bookkeeping change, it is an action that carries political implications. Since 1977, the CIA has reported that Soviet oil production would peak in 1980 and that Moscow would become a major net importer of oil. This "fact" has been used by the Carter and Reagan administrations as one of the justifications for increasing U.S. military forces in the Indian Ocean region and for selling arms to the Persian Gulf oil states. U.S. officials argue that an oil-starved Moscow might take the oil it needs by force.

The CIA, however, now estimates that the Soviet Union — already the world's leading oil producer — will be able to continue its 12 million barrel-a-day production rate through 1985. The original CIA estimate was an obvious example of "worst case analysis."

The reasons for the error are understandable. The Soviets are forced to go deep into the roadless, frozen Arctic and Siberian wilderness for new oil fields. On top of this, Soviet oil production is handicapped by a drilling technology which is 20 years behind the U.S. These factors — combined with conservative production estimates — led the CIA to predict a downturn in Soviet oil production. Many industry observers publicly contested the CIA estimates.

Now the agency admits that it was wrong, but the damage that the CIA's erroneous estimates have had on U.S. Middle East planning is already done. Sen. William Proxmire made two points: "One lesson is to not base policy on worst case analyses of Soviet behavior until there is tangible evidence. Another lesson is to approach all predictions of the future with great caution." Both are lessons to be learned.